

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 PM-04 SS-15 SP-02 L-03 AID-05 IGA-01

MC-02 CIAE-00 INR-07 NSAE-00 SSO-00 INRE-00 NSC-05

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 2449

INFO AMEMBASSY SANA PRIORITY

SECDEF WASHDC

USCINCEUR

CHUSMTM DHAHRAN

UNCLAS JIDDA 6441

E.O. 11652: N/A

TAGS: MASS, SA, US

SUBJECT: SAUDI BAN ON COMMISSION PAYMENTS

REF STATE 223709 (NOTAL)

1. FOLLOWING THE COUNCIL OF MINISTERS MEETING THE NIGHT OF SEPTEMBER 17, THE COUNCIL OF MINISTERS ISSUED A DECREE BANNING COMMISSION PAYMENTS ON DEFENSE SALES. THE DECREE WAS PUBLISHED IN THE SAUDI PRESS SEPTEMBER 19. THE FOLLOWING IS AN EMBASSY TRANSLATION OF THE DECREE. (WE HAVE ADDED DATES ACCORDING TO GREGORIAN CALENDAR):

2. COUNCIL OF MINISTERS DECISION, NO. 1275 OF 12/9/1395H (SEPT 17, 1975). THE COUNCIL OF MINISTERS, AFTER SEEING MODA'S MEMORANDUM NO 1/1/2/1180 OF 6/8/1395H (AUG 13, 1975) REQUESTING THAT THE COUNCIL OF MINISTERS PASS A DECISION FORBIDDING ALL KINDS OF COMMISSIONS ON ALL ARMS CONTRACTS, AND AFTER SEEING MODA'S STATEMENT OF 5/6/1395H (JUNE 14, 1975) WHICH SAID THAT THE SAUDI ARABIAN GOVERNMENT HAS BEEN AND IS STILL FULLY CONCERNED TO SEE THAT THE PLANS FOR ARMING THE SAUDI ARABIAN FORCES
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ARE CARRIED OUT IN ACCORDANCE WITH NATIONAL SECURITY

NEEDS AND STUDIED DEFENSE PLANNING REQUIREMENTS, AND THAT THERE WILL BE NO MIDDLEMEN OR CERTAIN CIRCLES BENEFITING FROM ARMS CONTRACTS, AND AFTER SEEING MODA'S LETTERS TO THE DEPARTMENT OF DEFENSE DISAPPROVING BROKERAGE AND PAYMENT OF COMMISSIONS ON ARMS CONTRACTS, AND IN CONFIRMATION OF SAUDI REGULATIONS BANNING INTERMEDIARIES IN CONTRACTS AND ANY ILLEGITIMATE PAYMENTS, AND IN LINE WITH THE GOVERNMENT'S POLICY THAT THERE WILL BE NO GO-BETWEENS OR COMMISSIONS OF ANY KIND ON ARMS CONTRACTS, AND WHEREAS THE SAUDI ARABIAN GOVERNMENT HAS NOT BEEN AWARE OF ANY COMMISSION ON ANY ARMS CONTRACT AND HAS NOT APPROVED SUCH COMMISSION, DECIDES AS FOLLOWS: FIRST: NO COMPANY UNDER CONTRACT WITH THE SAUDI ARABIAN GOVERNMENT FOR THE SUPPLY OF ARMS OR RELATED EQUIPMENT SHALL PAY ANY AMOUNT AS COMMISSION TO ANY MIDDLEMAN, SALES AGENT, REPRESENTATIVE, OR BROKER IRRESPECTIVE OF THEIR NATIONALITY, AND WHETHER THE CONTRACT WAS CONCLUDED DIRECTLY BETWEEN THE SAUDI ARABIAN GOVERNMENT AND THE COMPANY OR THROUGH ANOTHER STATE. ANY COMMISSION ARRANGEMENT ALREADY CONCLUDED BY ANY OF THESE COMPANIES WITH ANY OTHER PARTY SHALL BE CONSIDERED VOID AND NOT BINDING FOR THE SAUDI ARABIAN GOVERNMENT. SECOND: IF ANY OF THE FOREIGN COMPANIES DESCRIBED IN ARTICLE 1 (ONE) WERE FOUND TO HAVE BEEN UNDER OBLIGATION FOR THE PAYMENT OF COMMISSION, PAYMENT OF SUCH COMMISSION SHALL BE SUSPENDED AFTER NOTIFYING THE CONCERNED COMPANIES OF THIS DECISION. RELEVANT COMMISSIONS SHALL BE DEDUCTED FROM THE TOTAL AMOUNT OF THE CONTRACT FOR THE ACCOUNT OF THE SAUDI ARABIAN GOVERNMENT.

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